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FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS

Note by the Secretary-General

The Secretary-General has the honour to transmit to the members of the General Assembly a letter dated 5 September 1994 from the Chairman of the United Nations Board of Auditors addressed to him (see annex), transmitting the comments of the Board on the term of office of members of the United Nations Board of Auditors, submitted in accordance with General Assembly resolution 48/216 D of 23 December 1993.

* A/49/150.

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ANNEX

Letter dated 5 September 1994 from the Chairman of the United Nations Board of Auditors addressed to the Secretary-General

I have the honour to transmit to you, in accordance with General Assembly resolution 48/216 D, the attached document on the term of office of members of the United Nations Board of Auditors.

(Signed) John BOURN
Comptroller and Auditor General
of the United Kingdom of
Great Britain and Northern Ireland
and Chairman
United Nations Board of Auditors

APPENDIX

Comments of the Board on the term of office of members of the United Nations Board of Auditors

1. In resolution 48/216 D of 23 December 1994, the General Assembly invited the Board of Auditors, in consultation with the Secretary-General, to report to the Assembly at its forty-ninth session, through the Advisory Committee on Administrative and Budgetary Questions, on the implications of extending the term of office of members of the Board to four or six years.

2. Under the current arrangements, set out in regulation 12.2 of the Financial Regulations of the United Nations, the members of the Board of Auditors shall be elected for a three-year term of office. The term of office shall commence on 1 July and expire on 30 June, three years subsequent thereto. The term of office of one of the members shall expire each year. Consequently, the General Assembly shall elect each year a member to take office from 1 July of the following year.

3. These regulations were framed when the standard financial period of the United Nations was one year, usually a calendar year to 31 December. Since that time the United Nations has moved to a biennial accounting period. In practical terms this means that one of the members of the Board steps down in the middle of each biennial audit cycle. Where that member is not re-elected to the Board, as has been the case on several occasions, the work of the Board on the audit of the financial statements is seriously disrupted. Instead of picking up a new audit, the incoming member must quickly become familiar not only with the United Nations Organization but also with an audit which is already well in progress. There are therefore problems in coordination and in reconciling working methods within the overall approach of the Board. The Board therefore welcomes this opportunity to review the term of appointment.

4. The Board has three members. Therefore, to ensure a smooth pattern of rotation, the Board would favour a six-year term of appointment over a four-year term. Under a six-year appointment, the term of office of one of the members would expire every two years.

5. In more practical terms, the original three-year appointment embraced three one-year financial periods. The Board believes that an appointment for three financial periods gives a member sufficient time to become familiar with the Organization and to make an effective contribution. A six-year term would maintain the rule of thumb that the appointment would be for three (two-year) financial periods.

6. If the General Assembly adopts the six-year term of office, the Board considers its appointments must be synchronized with the financial reporting cycle. Thus, the first appointment to a six-year term should be from 1 July 1996, the start of the audit cycle on the financial statements for the biennium 1996-1997 and every two years thereafter.

7. The Board is content that 1 July remains the most appropriate date for incoming members to take up office.

Transitional arrangements

8. Under these proposals, transitional arrangements would be necessary to move from the existing pattern of annual appointments to the Board to one of appointments every two years, starting 1 July 1996.

9. Under the existing arrangements, the terms of office of the current members expires as follows:

United Kingdom of Great Britain and Northern Ireland	30 June 1995
India	30 June 1996
Ghana	30 June 1997

10. The revised pattern envisages six-year appointments starting as follows, 1 July 1996, 1 July 1998 and 1 July 2000.

11. The Board therefore proposes the term of office of the member for Ghana should be extended by one year to end of 20 June 1998. The term of office for the new member of the Board appointed on 1 July 1995 should be extended to five years to end on 30 June 2000. Thereafter the pattern of appointment every two years to the Board would be established.